



Refund Crimes

IRS Criminal Investigation



Overview

- CI Strategic Planning
 - “Back To Tax!”
- Statistical Overview
- Refund Crimes



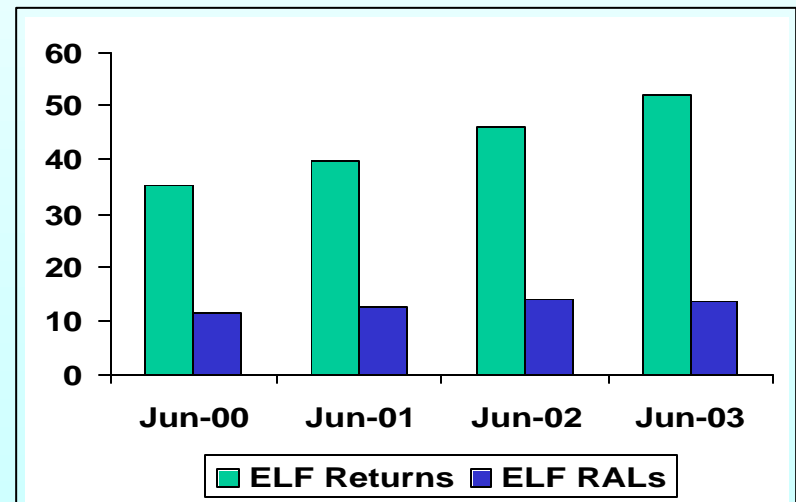
Emphasis Areas

- e-file Fraud
- Questionable Refund Program
- Return Preparer Program
- Strategy to Deal with Schemes
 - Fraud Detection Centers
 - Private Sector Fraud Controls
 - Public Awareness



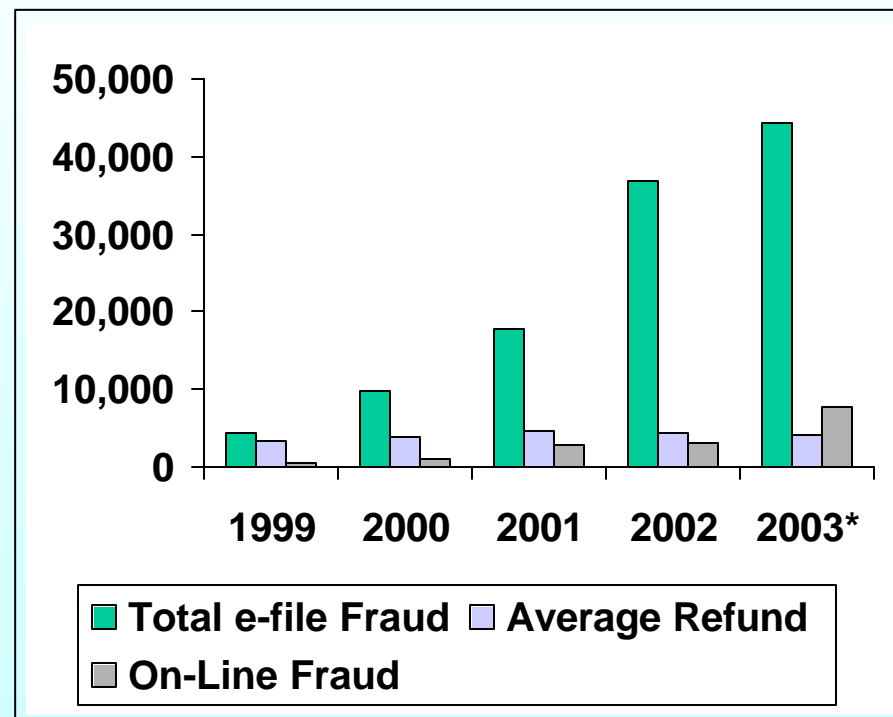
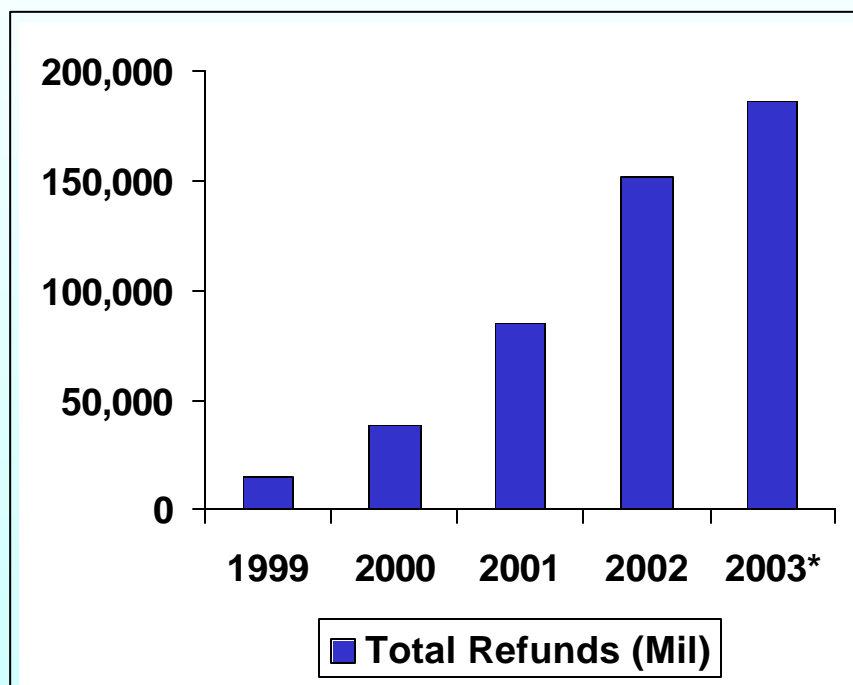
Fraudulent e-file Returns

- Total e-filed Returns for 2003 Up 12.5%
- Total e-filed RALs for 2003 Down 2.8%
- Fraudulent Return Ratios
 - 1 in 4789 (Jun-00)
 - 1 in 3185 (Jun-01)
 - 1 in 2381 (Jun-02)
 - 1 in 1174 (Jun-03)





Refunds on Fraudulent e-file Returns

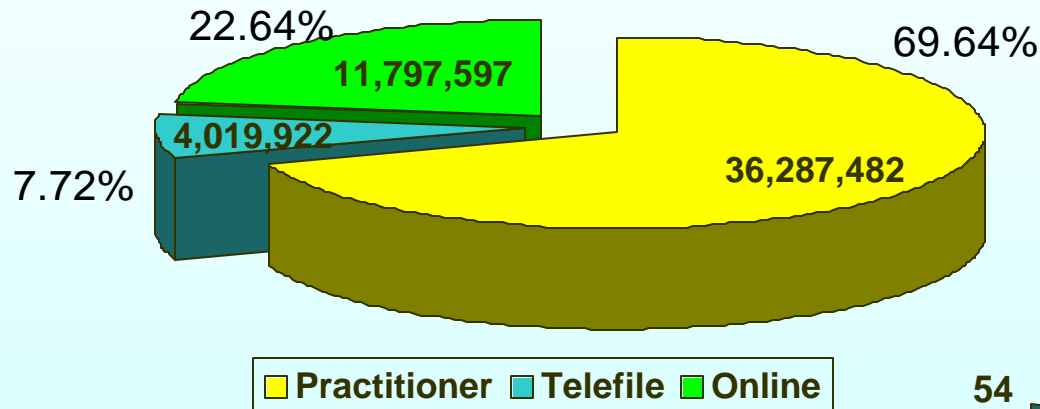


* June 2003 Figures

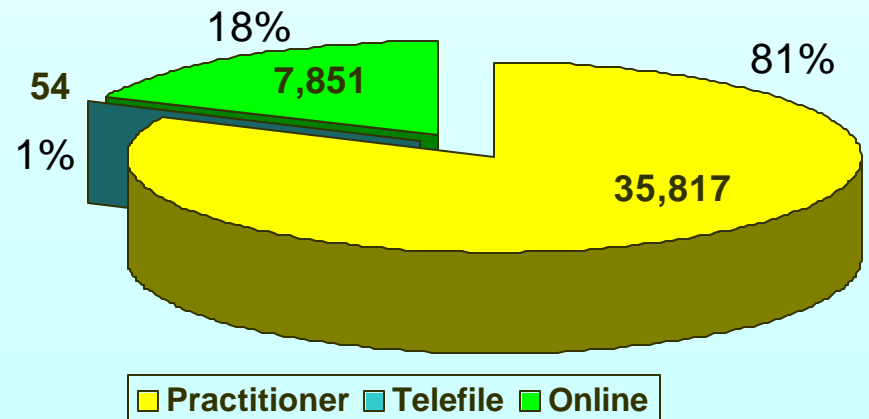


ELF Return Totals for June 2003

52,105,001 ELF Returns Filed

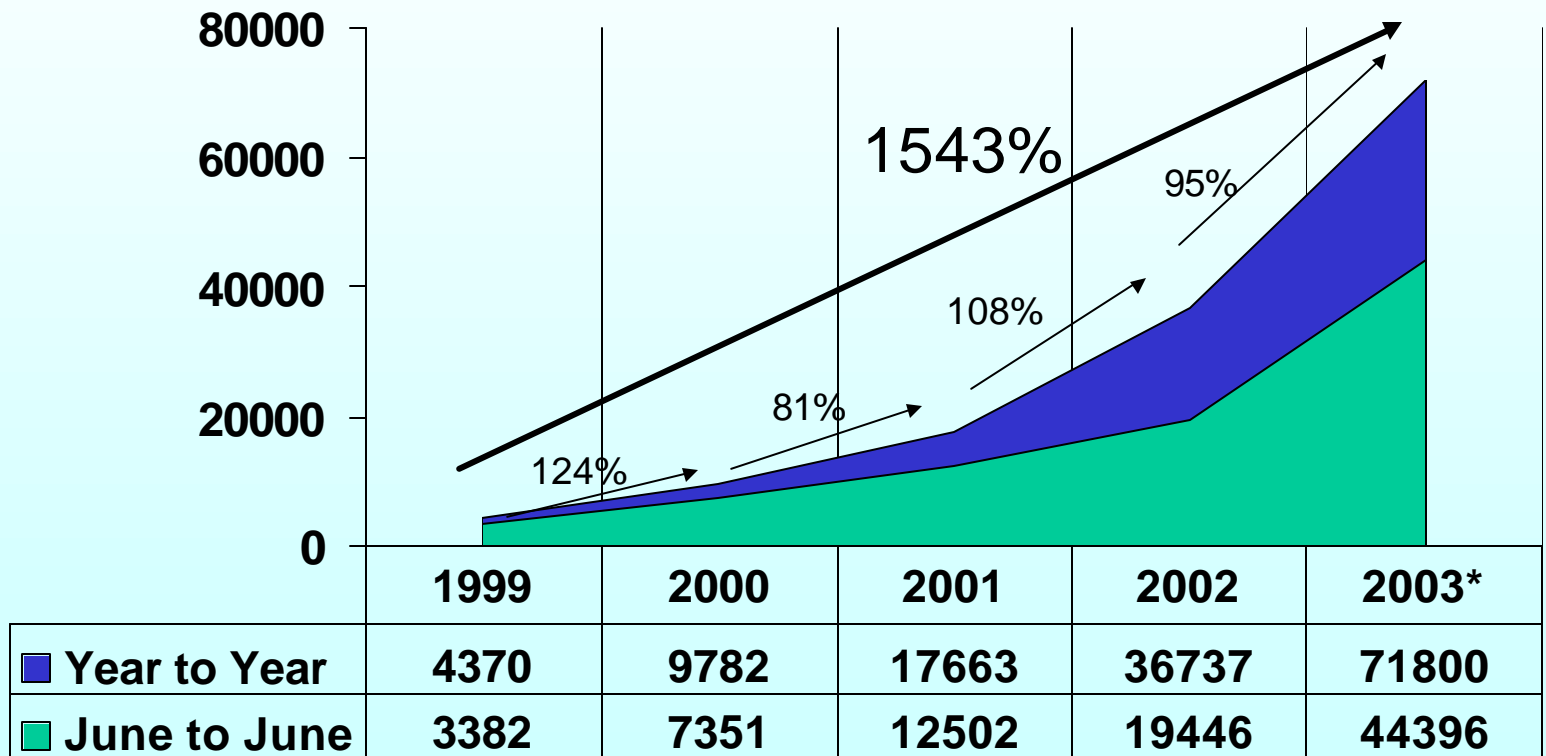


44,396 Total False Returns





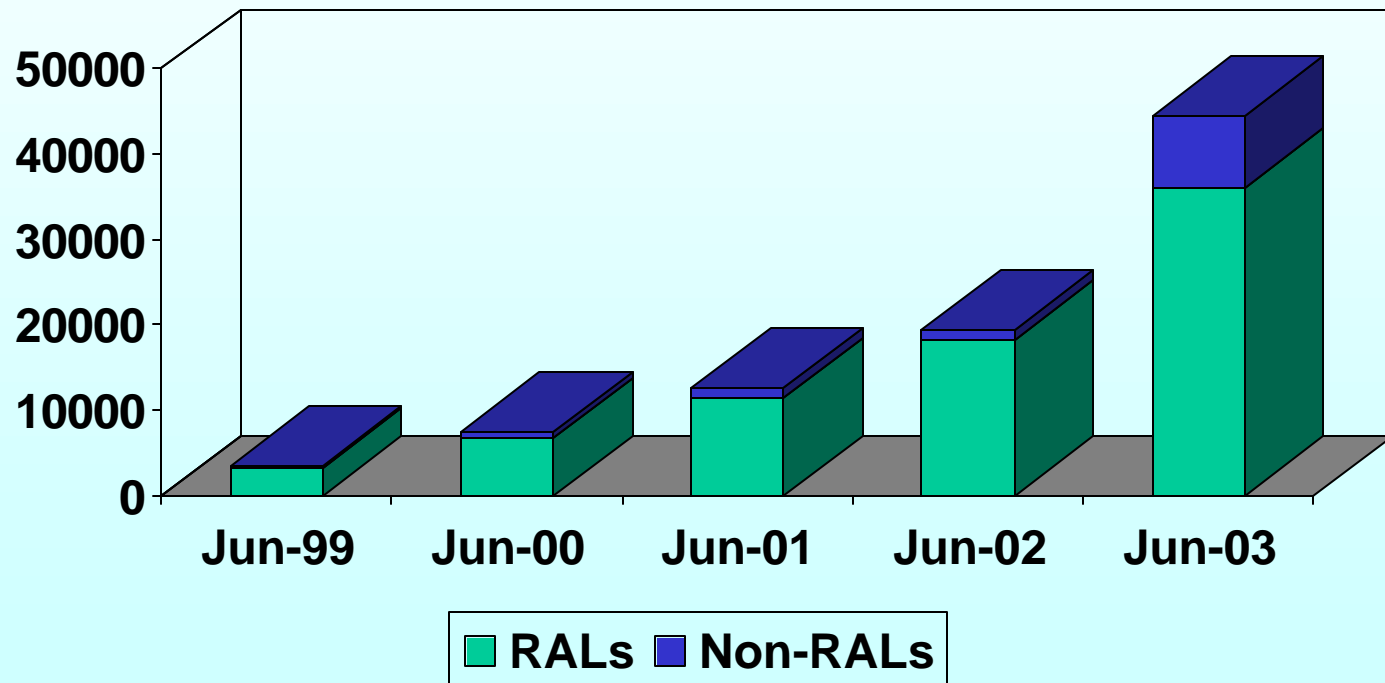
False e-file Returns





False e-file Returns with RALs

False e-file Returns





Questionable Refund Program

	FY 2001	FY 2002	10/1/02 – 6/30/03 FY2003*
Investigations Started	170	328	226
Prosecution Recommendations	113	144	154
Indictments	95	125	134
Convictions	102	100	106



Return Preparer Program

	FY 2001	FY 2002	10/1/02 – 6/30/03 FY2003*
Investigations Started	116	254	191
Prosecution Recommendations	73	89	124
Indictments	70	61	86
Convictions	63	64	46



Fraud Detection Centers

- Co-located at each Return Processing Campus
- Electronic Fraud Detection System
- Coordinate Investigations with Field Offices
- Data Mining



Private Sector Fraud Controls

- Fraud controls need to be improved
- Leads sent to IRS
 - E-Mail: **HQ-ORF@CI.IRS.GOV**
 - Database transmission preferred
 - FAX potentially fraudulent W-2's to the Fraud Detection Centers (FDC's)
 - Fraud Referral Hotline: 1-800-829-0433



Schemes Identified from Private Sector Leads

- 2003 Filing Season
 - 9,780 fraud referrals as of July 1
 - To date 64% have been verified as fraudulent
 - Refunds of \$21,150,000+ for these verified fraudulent returns.
 - Refunds totaling \$132,000,000+ for schemes that included these returns.



Schemes Identified from Private Sector Leads

- 2002 Filing Season
 - 5,758 fraud referrals
 - 75% have been verified as fraudulent
 - Refunds of 16,955,000+ for these verified fraudulent returns.
 - Refunds totaling \$96,200,000+ for schemes that included these returns.



Public Awareness



- www.irs.gov
 - Tax Fraud Alerts
 - Tax Professional's Section
 - Use of Metatags
- Media Outreach
- Community Outreach



Questions?